

VZCZCXR00732

PP RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLM RUEHLZ RUEHNP RUEHPOD RUEHROV RUEHSK RUEHSR RUEHVK RUEHYG
DE RUEHVB #0124/01 0641405

ZNR UUUUU ZZH

P 051405Z MAR 09

FM AMEMBASSY ZAGREB

TO RUEHC/SECSTATE WASHDC PRIORITY 9056

INFO RUEHDL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 ZAGREB 000124

SENSITIVE

SIPDIS

FOR EUR/SCE, EUR/PPD, EUR/RPM AND EUR/ERA
OSD FOR POPOVICH

E.O. 12958: N/A

TAGS: PREL PGOV HR

SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - MARCH 5, 2009

¶1. (U) GENERAL ZAGOREC SENTENCED TO SEVEN YEARS:

On March 2, a Zagreb court sentenced General (retired) Vladimir Zagorec to seven years in prison for abuse of office during wartime and stealing \$5 million worth of diamonds upon leaving his post at the Ministry of Defense in 2000. In addition to the seven years, Zagorec was ordered to pay back \$5 million plus court costs. His lawyers plan to appeal the verdict and the prosecutors are also appealing for a stronger sentence. Additional information will be reported septel. (CZIMMER)

¶2. (U) CROATIAN SERBS START FOURTH POLITICAL PARTY:

Croatian Serbs held a convention on February 28 to initiate the formation of an additional Croatian Serb political party, the Democratic Party of Serbs. This will be the fourth party in Croatia representing Croatian Serbs. Members of the founding committee criticized the leading Independent Democratic Serbian Party (SDSS) led by Milorad Pupovac for not doing enough to help the Serb community in Croatia and for making too many concessions to the government. The SDSS is currently part of the ruling coalition. According to press reports, Veljko Dzakula, the head of the NGO Serb Democratic Forum (SDF), is chairman of the founding committee and a likely president for the new party, however SDF officials deny that Dzakula has any political ambitions. The new party intends to stand in upcoming local elections and its main goal will be the return of Serb refugees. (JNCallahan)

¶3. (U) CROATIA AND HUNGARY AGREE TO CONNECTING GAS PIPELINES:

Croatian gas distribution company Plinacro and Hungarian FGSZ Gas Transmission company will sign a 359 million EUR agreement on March 5 for a connecting gas pipeline between Varsfold in Hungary and Slobodnica in Croatia. The new pipeline will be 298 kilometers long, of which 88 kilometers will be on the Croatian side and 210 on the Hungarian. The pipeline will be finished by the end of 2010. Plinacro stated that this "is a historic moment for the energy future of the country, because with the completion of this project, Croatia will have a new source for receiving natural gas for the first time in 30 years." The new pipeline will also be used to transport gas from the (not yet built) LNG terminal on Krk towards Hungary, and Croatia will be able to connect to several possible international lines such as Nabucco, Blue Stream or South Stream. (DMatijas)

¶4. (U) PROSECUTORS TO ESTABLISH UNIT TO MANAGE SEIZED ASSETS:

Minister of Justice Ivan Simonovic announced on an evening news program on March 4 that the Croatian State Prosecutors Office is forming a special unit to manage forfeited assets.

Post has worked closely with Croatian officials to develop this unit beginning with an ICITAP-funded study visit to California in October 2008 by prosecutors to examine asset forfeiture and management systems. The new unit will further strengthen Croatia's capacity for asset seizure, following a major expansion of asset forfeiture provisions in the new criminal code passed in December 2008. (CZimmer)

15. (U) SPECIALIZED COURTS TO HEAR ORGANIZED CRIME AND CORRUPTION CASES:

The Croatian Ministry of Justice announced that as of Monday, March 2, departments are now operational in the four largest courts to fast-track cases brought by the State Prosecutor's Office for the Suppression of Organized Crime and Corruption (USKOK). These so-called "USKOK courts" are located in the county courts in Zagreb, Rijeka, Osijek and Split. This completes a court reform initiated in October 2008 after a high-profile killing thought to have links to organized crime. The Minister of Justice, Ivan Simonovic, said the new departments will significantly increase the courts' efficiency. Media reported that 169 cases involving 1040 defendants will be sent to these courts with an additional 70 cases and 263 defendants still under investigation in the pipeline. All USKOK judges are appointed for a four year term after undergoing a security and background check. (Djukic/CZimmer)

16. (SBU) MORE JOCKEYING IN MAYORAL RACE FOR OSIJEK:

The Social Democratic Party (SDP) branch in Osijek announced on February 27 that they would

ZAGREB 00000124 002 OF 002

support former Croatian Ambassador to Bosnia and Herzegovina, Josip Vrbasic, for mayor. The SDP's decision creates an alliance between the local branches of the Croatian Peasant Party (HSS) and the Croatian Social Liberal Party (HSLS). This alliance is despite the fact the HSS and HSLS are part of the coalition HDZ government at the national level. It is also likely that the local branch of the Croatian Peoples Party will soon decide to support Vrbasic. Meanwhile, Branimir Glavas's party, the Croatian Democratic Alliance of Slavonia and Baranja (HDSSB), has decided that he no longer will be the party's candidate for mayor. Comment: Glavas, perhaps more burdened by his war-crimes trial than he lets on, is fading in his political relevance--even in eastern Slavonija. (DMeges)

BRADTKE